

DEPARTMENT OF STATE REVENUE
LETTER OF FINDINGS NUMBERS: 02-950383 & 02-950110
Corporate Gross Income Tax—Revenue Agent's Reports
For Tax Years 1988-1993

NOTICE: Under Ind. Code § 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE

I. Corporate Gross Income Tax—Revenue Agent's Reports

Authority: IC § 6-3-4-6(b)

45 3.1-1-94

STATEMENT OF FACTS

Taxpayer and its wholly owned transportation subsidiary are Indiana corporations filing consolidated returns for gross income tax and adjusted gross income tax purposes. Taxpayer is in the business of producing, packaging, and selling table agricultural products. The subsidiary transports by truck all of taxpayer's products and materials. Taxpayer owns and operates agricultural facilities in and out of Indiana. Taxpayer's customers include grocery stores, wholesalers, and processors.

The original audit period covered tax years 1988-1993. At the time, the Internal Revenue Service also was in the process of auditing taxpayer. The federal audit was a lengthy one, which included protests and, ultimately, an agreed upon settlement. Taxpayer's representative requested that the results of the state audit (completed in 1995) be held in abeyance until the federal audit process, including protests and settlement negotiations, concluded. The Department agreed, the IRS audit eventually settled, and the Department issued proposed assessments of Indiana's corporate gross income tax. Taxpayer protested the Department's assessments, arguing that the final numbers on the Revenue Agent's Reports (RAR's) more accurately determined taxpayer's State tax liability.

I. Corporate Gross Income Tax—Revenue Agent Reports

DISCUSSION

Taxpayer protests the Department's proposed assessments of Indiana's corporate gross income tax, arguing that since the conclusion of the Internal Revenue Service's audit, which resulted in a

negotiated settlement. Taxpayer has, albeit sporadically, kept the Department informed of the progress of the IRS audit; the Federal RAR's have been completed, and taxpayer brought materials to the hearing and sent in additional materials at the Department's request. As of May 2002, taxpayer had not filed its RAR adjustments with the Department pursuant to IC § 6-3-4-6(b) and 45 IAC 3.1-1-94.

Taxpayer has provided sufficient documentation to show that the Department's audit finding should be revisited in light of the federal findings.

FINDING

Taxpayer's protest is sustained, subject to audit review.